

Micro, Small, and Medium Enterprises (MSMEs) Rebranding

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ABSTRACT

Micro, Small, and Medium Enterprises (MSMEs) have great potential to drive the country's economy, especially in developing countries like Indonesia. However, many views often reveal that MSMEs have low competitiveness. So, they are not considered a sustainable business and are not managed professionally, both in finance, marketing, and human resources. Therefore, currently, MSMEs are labeled as difficult to develop.

This community service aims to change the paradigm of MSMEs through small steps to rebrand our MSME Partners. This activity is performed by providing assistance to the MSME participants that are related to 3 essential aspects: finance, marketing, and human resources. The assistance method in this program is carried out in some steps. The first step is carrying out observation since the location survey was carried out. Then, the implementation is carried out in these methods: lectures of theoretical presentations, assignments, practice trials, and finally, the designing of the rebranding model. With this program, the partners are expected to be able to improve and become MSMEs that are more competitive. They must have a positive image, so they can be viewed as a professional business unit and generate significant profits.

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INTRODUCTION

Situation Analysis

Micro, Small, and Medium Enterprises (MSMEs) have great potential if they are managed professionally. A large number of MSMEs certainly has a significant effect on the movement of the country's economy. This is because MSMEs cover various sectors in it, and they can accommodate many workers and increase the country's economic income. The Ministry of Cooperatives and Small and Medium Enterprises (Kemenkop UKM) noted that MSMEs contributed up to 57.8 percent of Indonesia's GDP in 2018. However, MSMEs are also recorded to have employed 97 percent of the total Indonesian workforce. (www.kumparan.com, 12 January 2021).

The typical main problems in SMEs today can be classified into 2, namely financial and non-financial problems. Financial problems usually revolve around small capital, lack of access to traditional sources of funds, to high loan interest rates. Meanwhile, non-financial problems refer to organizational management problems, including lack of technology in the production process, lack of knowledge about essential marketing, limited human resources (HR), and lack of understanding of finance and accounting. (Niode, 2009)

During this pandemic, MSMEs are facing great difficulties in sustaining their business. However, this group proved to be resistant to various kinds of shocks from the economic crisis. So it has become imperative to strengthen the MSME group, which involves many business units. In a crisis like this, the MSME sector needs special attention from the government because it is the most significant contributor to GDP. Moreover, the MSMEs can be the primary tool to absorb more labour or create job opportunities, substituting the production of consumer goods or semi-finished goods.(Bahtiar & Saragih, 2020).

This concern of MSMEs is in line with the policy direction of the LPPM UPN Veterans Jakarta Strategic Plan for PkM (Community Partnership Program), which refers to the Strategic Plan policy of the Ministry of Research, Technology and Higher Education. The purpose is to improve the welfare and education of the community as a whole. The targets are 1. improving the welfare, health and education of the community (IPM), 2. increasing the involvement of lecturers in community service, and 3. increasing the nation's competitiveness. Furthermore, this theme is included in the Strategic Plan for Community Service of UPN Veterans Jakarta. It was prepared to refer to the 2015-2019 Ministry of Research, Technology and Higher Education's National Research priorities, focusing on the Social, Economic and Humanities fields.

This Community Partnership Program (PKM) is a form of the dedication of the Lecturer Team by cooperating with the Local MSMEs of Bogor Regency; they have many sub-units per district. The Local MSMEs are community-based, and more than 200 SMEs are under this community. Based on the initial survey conducted by the Team, the main problems of our Partners are similar to the

problems of MSMEs in general that have been discussed previously, such as the problems of production technology and capital: Currently, the Local MSMEs do not have a gallery to display their products to make them better known by the wider community. In addition, the COVID-19 pandemic has heavily impacted MSMEs. Government assistance is given to MSMEs communities related to this problem, but it is not channelled correctly. Moreover, the MSMEs partners have difficulty distributing their products due to the loss of selling agents. This condition is the impact of the PSBB (large-scale social restrictions) policy and online or remote learning. The MSMEs communities also felt production difficulties due to the scarcity of raw materials. The last problem is the management of the organization and management in general.

This PKM activity plan is carried out with assistance through 3 aspects under the expertise of team members: finance, marketing, and Human Resources (HR). Firstly, MSMEs need to understand the key to financial management, starting from separating personal accounts from business accounts, bookkeeping, and the cash flow of their business units. Secondly, the understanding of the marketing aspects of MSMEs need to be emphasized to determine the target market, branding of a product, and digital marketing models that are not limited by region. Thirdly, related to human resources, it is necessary to analyze recruiting, planning, developing, and evaluating employee performance regularly. Therefore, this program aims to help our MSME Partners to develop their business, have basic finance and accounting skills, manage human resources well, and widen the market of their products. So they can be seen as a professional and promising business, up to a point where our MSMEs Partners have made many improvements and succeeded in rebranding their products. As a result, MSMEs are no longer underestimated; their competitiveness has increased, they have obtained a significant increase in turnover and have become a sustainable business unit.

Issue Formulation

Based on the description of the previous situation analysis, an outline of the Partner's main problems can be drawn. We have discussed some of these problems and mutually agreed on the priorities and what problems need to be addressed, following the Service Team's expertise. The following are the problems we are trying to manage together:

a. Financial Problems

The MSMEs partners do not have a good financial knowledge base. This problem can be seen because they merge their personal accounts with business accounts. In addition, they have never done simple bookkeeping regarding the cost of production to the turnover obtained and did not know about the simple cash flows.

b. Marketing Problems

In the marketing aspect, the MSMEs partners do not have the basic knowledge to determine the target market of the products they sell. They also do not know how to make the correct branding to

make their product has value. The sales distribution model is still fundamental to direct retail sales or through agents who are still in a small area.

c. Human Resources Problem

The problem of Human Resources is often ignored in MSMEs because of the assumption that even a modest workforce is enough and qualified for the sustainability of MSMEs. The problem that often occurs due to this condition is that the existing workforce does not have the skills that match the needs of MSMEs. In addition, there is an unclear job desk planning and execution that causes workloads to overlap; there are no prospects for the development; there are no evaluations of HR performance regularly. As a result, they do not get quality changes that support the progress of MSMEs.

Objectives

Based on the problems mentioned above, this PKM is a form of community dedication of the Lecture teams with objectives as the following:

1. Provide workshops and training related to the transaction recording process and MSME financial management.
2. Provide workshops and training related to the application of marketing mix and digital marketing in business units.
3. Provide workshops and training related to HR planning for SMEs.

Community Development Advantage

The purposes of the workshop and training are as follows:

1. MSME business actors can understand how to manage and record business finances correctly.
2. Participants can understand and apply the marketing mix and apply digital marketing for their business units.
3. Participants can plan their HR needs and create budgeting plan for employee wages/salaries/incentives.

LITERATURE REVIEW

Konsep UMKM

The public is familiar with MSMEs as a business whose scope of business is small and simple. MSMEs are also usually associated as family-owned or individual businesses. UU No. 20 Tahun 2008 dalam (Khairunnisa, 2020) defines MSME as follows:

1. Microbusiness is a business that has a maximum net worth of IDR 50,000,000 (by the provisions of the Act) and has a total annual sale of a maximum of IDR 300,000,000.
2. Small businesses are businesses that have a net worth of more than Rp 50,000,000 to Rp

500,000,000 (by the provisions of the Act) and have total sales in one year or more than Rp 300,000,000 to Rp 2,500,000,000.

3. medium-sized business is a business that has a net worth of more than Rp.500,000,000 to Rp10,000,000,000 (by the provisions of the Act) and has total sales in one year of more than Rp2,500,000,000 to Rp50,000,000,000.

Branding

Branding is essential in marketing a product. According to Kotler and Keller in (Wijanarko & Susila, 2016), Branding is a name, term, sign, symbol, or design, or a combination of them that aims to identify a product or service and ultimately distinguish itself from others. MSMEs, in general, are often ignorant and do not understand this matter well. Therefore, it is not surprising that, currently, MSMEs are seen as unprofessional businesses and cannot survive in the long term.

Other community service about rebranding has been carried out and published. (Purnama et al., 2017) revealed the importance of modifying the product's shape, redefining the target audience, changing names, design styles, colors, logos, packaging, business cards, banners, and others to rebrand a product. Therefore, rebranding was carried out on Tempe Reza Chips SMEs by replacing these crucial factors with newer ones and according to their target audience.

(Mundiyah et al., 2020) rebranded the oyster mushroom chip product to increase the sales of Spora-mushroom SMEs. The rebranding was carried out by changing the packaging and the name of Spora-mushroom to make the name sounds more modern. The name was changed into Jambul Mushroom Chips.

The “rebranding” program in this community service create changes to the financial management model of the MSMEs by using the BukuKas application. Then, the marketing was redesigned by determining the 4 Ps; Product, price, place, location, and STP (segmenting, targeting, and positioning) that are more appropriate for each MSME unit. Lastly, developing more efficient HR management so that MSMEs can operate more optimally.

MSMEs Challenges

Many MSMEs in Indonesia still have low competition, either nationally or internationally. The other problems are; the limited capital business, the difficulty of creating a brand of their products or services, and creating a brand image that can attract the public’s attention and acquire new market or customers.

Furthermore, (Marlinah, 2020) explained that other than the challenges mentioned above, MSMEs in Indonesia have a bigger challenge due to COVID-19 Pandemic. The pandemic requires the MSMEs to survive within the massive digital economy. Therefore, MSMEs must adapt to information technology

and the internet to reach their market target within a limited distance during the pandemic.

A similar thing is also mentioned by (Hardilawati, 2020). The impact of COVID-19 can be seen directly from the massive layoffs of some companies, and some businesses are closing down, which resulted in the layoffs of their employees. Therefore, the MSMEs business actors are required to have skills to promote their product using digital marketing and utilize social media to reach their consumers directly to reduce their promotion budget.

MSMEs digitalization is good to be implemented in every region in Indonesia. (Haro, 2020) carried out community service in social media marketing assistance in Segara Jaya Village which is a tourism region. Through the assistance, the participants acquire new knowledge in using social media to promote their products. As a result, they can improve their promotion, and their sales become more effective and efficient.

MATERIAL AND METHOD

Problem Solving Framework

The training method used in this activity was divided into 3 focus areas as follow:

a. **Financial Recording Based on Application**

In overcoming the financial constraints faced by MSMEs, the lecturers' team provides assistance on a scientific basis and learns about application-based financial recording. Hence, we expect that after assistance the MSMEs partners will have good basic knowledge about Partners' finances, carry out simple records or bookkeeping routinely, and understand simple cash flows. Figure 1. provides an illustration of Financial Recording BukuKas.

b. **Carried Out the Marketing Strategy by improving Product Branding and Marketing Digital**

Problems in the marketing aspect can be resolved with detailed product branding assistance that would be explored directly during the assistance. In addition, the limitations of the marketing area can be overcome by using e-commerce media to reach a broader range of consumers. The assistance results regarding this aspect are; Partners have basic marketing knowledge, Partners understand and apply how to brand a product, Partners' sales distribution model are expanding.

c. **Human Resource Recruitments and Evaluations**

In overcoming the Human Resources problems, assistance plays a role in distributing appropriate HR management techniques. It ranges from recruitment planning to providing incentives to encourage employee performance to reach the target and be more optimized. Later on, this solution will trigger the human resources of the MSMEs to have skills that match their needs; Partners could make precise job description planning and execution; the MSMEs partners will always have development and evaluation of the HR performance.



Figure 1.
Illustration of Financial Recording BukuKas.

Implementation

On Saturday, March 20, 2021, the training activities were held at the District Office of Ciomas, Bogor, West Java. The time of the training is from 9:00 to 15:00 WIB (GMT+7:00).

The training will be carried out until the end of 2021 in evaluation and assistance through the WA Group, which will be made later.

Target Audience

The training participants who participated in this activity were the owners and organizers of MSMEs. They were members of the Bogor MSME forum, with 20 participants from various business fields as participants. The number of the MSMEs taken as the participants was not too large to effectively deliver the material (content) and follow protocol rules during the pandemic.

Method

The assistance method in this program was carried out in some steps, starting from observation since the survey of location was performed. Then at the time of implementation. It was carried out in the following methods:

1. Survey

The survey was carried out at the beginning before the cooperation agreement with the Partner is obtained. Through this survey, the Team observed the problems within the scope of MSMEs and then made a solution in the assistance program.

2. Lecture

This method was the first method that would be chosen to convey the concept of science and technology that will be shared.

3. Assignment and group discussion

This method was the second method chosen after the lecture. In this method, the participants were divided into small groups accompanied by a facilitator better to understand the delivery of the material (content).

4. Trial Practice

This practice was carried out directly related to applications and programs used to improve business unit partners' skills.

5. Rebranding Model Design

The design of the re-branding model from each business unit certainly varies depending on the respective business fields. Here, you will get a thorough plan of what concepts will be implemented in the Partner's business.

6. Evaluation and Q&A

This method was used as a reference to assess how much understanding the participants have about the implementation of financial management, marketing, and human resources described previously.

RESULT AND DISCUSSION

Activities were carried out according to the schedule. Mr. Chairuka Judianto opened the event as the sub-district head of Ciomas District, Bogor. Then the first material (content) on financial management, followed by marketing and branding, was divided into 2 parts due to the break. Furthermore, the event was closed with HR management material (content). The community service team as can see in Figure 2.



Figure 2.
The Community Service Team.

The participation of MSME activists in this training activity was significant. It can be seen in the participants' enthusiasm in listening to the material (content) presented. Moreover, there was a good Q&A session as a feedback of the material presented. The enthusiasm of the workshop's participants as can see in Figure 3.



Figure 3.
The Enthusiasm of The Workshop's Participants

In the first session presented by Ardhiani Fadila concerning financial management, there was great enthusiasm as they practiced using the BukuKas application to record their business financial reports. We, as well as the team, direct and provide tutorials directly on their respective devices. The output of this tutorial is a simulation of business card making, digital receipt making, and recording sales and purchases of the business. MSME business cards as the result of the BukuKas application practice as can see in Figure 4.



Figure 4.
MSME Business Cards As The Result of The BukuKas Application Practice

Dienni Ruhjatini Sholihah delivered the second material (content) concerning branding and digital marketing. The second material (content) received sufficient response because it is an essential core of a business. There were many facts about marketing that participants in their business have not yet applied. The material on marketing is closed by making a business marketing plan including; STP (Segmenting, targeting, positioning) and 4 P (Product, price, place, promotion) in the marketing mix. The design of the marketing plan was made in a worksheet distributed at the beginning of the activity. Figure 5. provides a sample receipt from BukuKas practice results.



Figure 5.
Sample Receipt from BukuKas Practice Results

Alnisa Min Fadlillah delivered the third material regarding HR management. It begins with the criteria of when a business needs to recruit employees, determine its employees' wages, and manage employees to increase profits for the business. This material was closed by filling out a worksheet related to the canvas business and BOS (Blue Ocean System) to formulate the uniqueness of the business so that it has exceptional competitiveness and is readily accepted by the market. Pracice assistance of the usage of BukuKas application as can see in Figure 6.



Figure 6.
Pracice Assistance of The Usage of BukuKas Application

For the sake of continuous training, the workshop participants have been included in a specific WA group that accommodates all business problems of each participant, whether discussed in this first activity or related to other general problems. The delivery of the material as can see in Figure 7. What'sApp group with participant as can see in Figure 8.



Figure 7.
The Delivery of The Material



Figure 8.
What'sApp Group with Participants

Before the activity ended, the participants were required to fill out a questionnaire to measure their understanding. The results of the questionnaire are presented in the following Table 1.

Table 1.
Post—Training Questionnaire

No	Items	Yes	No
1	This training is useful	20	0
		100%	0%
2	The training material is clearly explained	16	4
		80%	20%
3	Participants are satisfied with the implementation	13	7
		65%	35%
4	Participants understand how to manage business finances well	15	5
		75%	25%
5	Participants are able to operate the BukuKas application	18	2
		90%	10%
6	Participants understand the 4 P's in marketing	17	3
		85%	15%
7	Participants can apply the 4 P's in their business	17	3
		85%	15%
8	Participants are able to manage employees well	14	6
		70%	30%
9	Participants understand the budgeting of wages, salaries, and employee incentives	16	4
		80%	20%

Participants agreed that this training activity was beneficial, the material was presented clearly, and they were satisfied with the practices performed in the workshop. Although the average score distribution did not reach 100%, most participants expressed positive results regarding the understanding of the training material..

CONCLUSION AND RECOMMENDATION

In general, this service activity has been running smoothly and successfully. This activity is the first activity in a series of Community Service activities from the community service team. Thus, the continuation of this activity is performed in the implementation evaluation of the three management aspects presented. So that the MSMEs partners can make improvements and MSME business actors can get real benefits from our program.

Our recommendation for follow-up activities is to focus more on different types of businesses from each MSME Unit. Assistance can be done per group according to the participant's business base to make it more effective and easier to implement.

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